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Message Text

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13-12
ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 CAB-02 CIAE-00 COME-00 DODE-00

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FM AMEMBASSY SANA
TO SECSTATE WASHDC 7109

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EO 11652: N/A
TAGS: EAIR, YE
SUBJECT: WORLD AIRWAYS MANAGEMENT CONTRACT

REF: SANA 0097

1. DEPUTY PRIME MINISTER YAHYA JEGHMAN CALLED IN DCM 12 JAN. TO DISCUSS FURTHER PROPOSAL MADE BY WORLD AIRWAYS FOR MANAGEMENT AND TRAINING YEMEN AIRLINES.

2. JEGHMAN SAID HE HAD GOTTEN SPECIFIC AND FIRM COMMITMENT FOR REFTEL PROGRAM FROM PRESYDENT HAMDI, IN PRESENCE OF FONMIN ABDALLAH AL-ASNAJ. HE ACKNOWLEDGED THIS KIND OF POLITICAL BACKING WAS NECESSARY BECAUSE OF INEVITABLE REACTION OF LEFTISTS AND LOCAL EMPLOYEES WHEN FOREIGN FIRM TOOK OVER YEMEN AIRLINES OPERATION AND STARTED HIRE, DISCHARGE, BOSS EMPLOYEES. HE SAID HE REMINDED HAMDI THAT SAME KIND OF ADVERSE REACTION HAD OCCURRED WHEN BRITISH FIRM CABLE & WIRELESS TOOK OVER EXTERNAL COMMUNICATIONS OF YARG FROM MIN-COMMO. THERE HAD BEEN DEMONSTRATIONS AND CONSIDERABLE CRITICISM AND HAMDI, WHO WAS THEN DEPUTY PRIMIN, HAD CLAPPED NUMBER OF CRITICS IN JAIL. HAMDI SAID SPECIFICALLY HE WAS PREPARED TO DO THIS AGAIN IF SIMILAR REACTION DEVELOPED AGAINST FOREIGN MANAGEMENT OF YEMEN AIRLINES.

3. JEGHMAN SAID HAMDI WAS MORE CONCERNED ABOUT IN-
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FIGHTING WITHIN YEMEN GOVT THAN CRITICS FROM OUTSIDE

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AND JEGHMAN SAID THIS WAS IMPORTANT SINCE ASNAJ,
WHO WAS PRESENT THROUGHOUT CONVERSATION, WHICH WAS
OCCURRED ENROUTE TO RECENT STATE VISIT IN SUDAN, OFFERED
NO RPT NO OBJECTION TO JEGHMAN PROPOSALS FOR MANAGEMENT
CONTRACT. HE SAID, HOWEVER, ASNAJ MIGHT STILL TAKE
SIDE OF YEMENI EMPLOYEES OR CRITICS OF NEW AGREEMENT
SINCE IN JEGHMAN'S EYES ASNAJ HAD BEEN DRAGGING HIS FEET
ON DEVELOPING YEMENI PROPOSAL TO PUT INTO EFFECT SAUDI
OFFER OF FUNDS TO AIRLINES. JEGHMAN SAID, THERE WAS NO
NEW DEVELOPMENT ON SAUDI SIDE AND, WHILE ALL THE
YEMENIS (LIKE ASNAJ) HOPED THAT SAUDIS WOULD TAKE
INITIATIVE IN DESIGNING NEW STRUCTURE AND PHASED DEVELOPMENT
PLAN FOR NEW AIRLINE COMPANY AFTER OFFER IN AUGUST
OF 60 MILLION DOLS TO FUND SUCH A COMPANY. SAUDIS
HAVE BEEN CHARACTERISTICALLY DRAGGING FEET.

4. JEGHMAN SAID YEMENIS HAD TO PRESS FORWARD AND HE
THOUGHT INITIAL CONTRACT COULD BE FUNDED, AS WORLD
AIRWAYS STUDIES INDICATED, ON BASIS OF PROJECTED
REVENUES FROM LARGE NUMBER OVERSEAS YEMENI WORKERS AND
OTHER TRAVEL TO AND FROM YEMEN. DCM SAID HE THOUGHT
SOMETHING EXTRA WOULD BE NEEDED ON FRONT END TO
FINANCE CONSIDERABLE TRAINING, RE-EQUIPMENT AND FOREIGN
PERSONNEL REQUIRED BEFORE COMPANY COULD BECOME
PROFITABLE, AND THAT LOAN OR CREDITS FROM SOME FOREIGN

SOURCE WOULD THEREFORE BE NECESSARY. JEGHMAN THOUGHT
THIS COULD BE WORKED OUT FROM SAUDIS, IRAQIS OR OTHER
SOURCES.

5. FOR NEA/ARP: REQUEST YOU PASS ABOVE TO WORLD AIRWAYS
PRESIDENT DALY. WE WILL MAKE THIS INFO AVAILABLE HERE TO
WORLD AIRWAYS TEAM WHEN IT ARRIVES, WHICH WE WERE LET

TO EXPECT WOULD BE SOMETIME 12 JANUARY. YOU MIGHT TELL
WORLD MANAGEMENT, ALSO, THAT WE CONTINUE TO THINK THAT FINAL
DECISION ON ANY CONTRACT WILL HAVE TO BE MADE BY ASNAJ,
HOWEVER MUCH ADVANCE WORK JEGHMAN HAS DONE WITH PRESIDENT.
SCOTES

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